



Senate

General Assembly

File No. 316

February Session, 2004

Substitute Senate Bill No. 385

Senate, March 30, 2004

The Committee on Government Administration and Elections reported through SEN. DEFRONZO of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT REQUIRING RECIPIENTS OF STATE FINANCIAL ASSISTANCE TO SIGN NEUTRALITY AGREEMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2004*) For purposes of this
2 section and section 2 of this act:

3 (1) "Financial assistance" includes, but is not limited to, all forms of
4 loans, grants, guarantees and tax abatements;

5 (2) "Labor organization" means any organization that exists for the
6 purpose, in whole or in part, of collective bargaining or of dealing with
7 employers concerning grievances, terms or conditions of employment,
8 or of other mutual aid or protection in connection with employment;

9 (3) "Nonprofit organization" means any organization that is exempt
10 from taxation under Section 501(c)(3) of the Internal Revenue Code of
11 1986, or any subsequent corresponding internal revenue code of the

12 United States, as from time to time amended; and

13 (4) "Neutrality agreement" means any agreement signed by the state
14 or any of its agencies and a nonprofit organization receiving financial
15 assistance from the state or any of its agencies, which requires the
16 nonprofit organization, for a period of two years following the receipt
17 of such financial assistance, to: (A) Remain neutral as to the issue of
18 unionization of its employees in any and all communications on such
19 issue between the employer and its employees, (B) assure that the
20 decision of its employees concerning representation by a labor
21 organization is made without interference by the employer and that
22 any meetings between the representatives of the employer and
23 employees concerning unionization is voluntary and occurs outside of
24 standard working hours, (C) refrain from discriminating in hiring
25 based on past labor organizing activity or to encourage or discourage
26 membership in a labor organization, and (D) refrain from using any of
27 the proceeds of state financial assistance for the purpose of hiring or
28 consulting legal counsel or other consultants to advise the nonprofit
29 organization on how to assist, promote or deter labor organizing or
30 how to impede a labor organization that represents the nonprofit
31 organization's employees from fulfilling its representational
32 responsibilities.

33 Sec. 2. (NEW) (*Effective October 1, 2004*) The state and any agency of
34 the state that provides direct or indirect financial assistance to a
35 nonprofit organization on and after October 1, 2004, shall require, as a
36 condition to receiving financial assistance, that the nonprofit
37 organization sign a neutrality agreement.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>
Sec. 2	<i>October 1, 2004</i>

GAE *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Below

Municipal Impact: None

Explanation

The state impact of requiring neutrality agreements with nonprofit organizations that receive financial assistance from the state is uncertain. The extent to which the bill impacts the contractual process, compliance or program funding for the various state agencies that contract with nonprofits is unknown.

OLR Bill Analysis

sSB 385

AN ACT REQUIRING RECIPIENTS OF STATE FINANCIAL ASSISTANCE TO SIGN NEUTRALITY AGREEMENTS**SUMMARY:**

This bill requires the state and state agencies that provides direct or indirect financial assistance to a nonprofit organization on and after October 1, 2004 to require, as a condition to receiving financial assistance, that the nonprofit sign a neutrality agreement.

It defines a “neutrality agreement” as an agreement signed by the state or a state agency and a nonprofit organization receiving financial assistance from the state or state agency that requires the nonprofit, for two years after it receives the assistance, to:

1. remain neutral on the issue of its employees’ unionization in any and all communications on the issue between the employer and its employees;
2. assure that its employees’ decisions on labor organization representation are made without the employer’s interference and that any meetings between the employer’s representatives and employees on unionization are voluntary and occur outside regular working hours;
3. refrain from discriminating in hiring based on past labor organizing activity or encouraging or discouraging membership in a labor organization; and
4. refrain from using any state financial assistance to hire or consult attorneys or other consultants to advise the organization on how to assist, promote, or deter labor organizing or how to impede a labor organization representing the organization’s employees from fulfilling its representational responsibilities.

The bill defines “financial assistance” to include all forms of loans, grants, guarantees, and tax abatements. It defines a “nonprofit organization” as any 501(c)(3) tax-exempt organization and it defines a

“labor organization” as an organization that exists, in whole or in part, for the purpose of collective bargaining or dealing with employers regarding grievances, employment terms or conditions, or other mutual aid or protection connected with employment.

EFFECTIVE DATE: October 1, 2004

BACKGROUND

Related California Case

In 2002, the United States District Court for the Central District of California held that the National Labor Relations Act (NLRA) preempted a California law similar to this bill. The court held that Congress intended to have the sole power to regulate in the area of assisting, promoting, or deterring union organization and the use of public funds for these purposes. It also found a limitation on free debate on issues dividing labor and management violated NLRA, as interpreted by the United States Supreme Court (*Chamber of Commerce of the United States v. Bill Lockyer*, 225 F. Supp. 2d 1199 (C.D. Cal., 2002)). This ruling is not binding on Connecticut courts, and the case is currently on appeal to the United States Court of Appeals for the Ninth Circuit.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 10 Nay 6